



NATIONAL OPEN UNIVERSITY OF NIGERIA
PLOT 91, CADASTRAL ZONE, NNAMDI AZIKIWE EXPRESSWAY, JABI, ABUJA
FACULTY OF MANAGEMENT SCIENCES
2025_2 EXAMINATIONS

COURSE CODE: ACC306 **CREDIT UNIT: 3UNITS**

COURSE TITLE: COST ACCOUNTING

TIME ALLOWED: 2^{1/2}HOURS

INSTRUCTIONS:

- 1. Attempt question Number one (1) and any other three**
- 2. Question number 1 is compulsory and carries 25 marks, while the other questions carry 15 marks each**
- 3. Present all your points in coherent and orderly manner**

1A) The materials analyst has forecast the following data in respect of material MS6:

Maximum consumption of material per week:	400 units
Normal consumption of material per week:	300 units
Minimum consumption of material per week:	200 units
Reorder quantity:	2,000 units
Reorder period:	4-6 weeks

Calculate the following;

- a) Reorder level
- b) Minimum stock level
- c) Minimum stock level
- d) Average stock level **(16Marks)**

1B) what are the elements of Effective Cost Accounting Information. **(5Marks)**

1C) Describe the relationship between contribution and profit. **(4Marks)**

2) Explain any 5 (five) of the following costing method;

- a) Job costing

- b) Batch costing
- c) Unit costing
- d) Operating costing
- e) Process costing
- f) Multiple costing **(3Marks each)**

3A) One general definition of cost is: cost is a forgoing or sacrifice, measured in monetary terms, incurred or potentially to be incurred; to achieve a specific purpose. What are the inherent features from this definition. **(6Marks)**

(3B) Explain the following terms;

- a) Direct materials cost
- b) Indirect material
- c) Direct Labour Cost **(3Marks each)**

4a) In order to achieve a goal in an organisation, a plan of income and expenditure is needed, which is called a budget, what do you understand by the term budget? **(5Marks)**

4b) Describe the various objectives of budget **(10Marks)**

5a) Describe the term Activity Based Costing. **(5Marks)**

5b) What are the relevant of Activity Based Costing? **(5Marks)**

5c) What are the claims against ABC **(5Marks)**